# Peter Kennedy May 18, 1943 – August 30, 2010

## A Tribute

### Antonio Garcia-Ferrer

Professor Emeritus Peter Kennedy of Simon Fraser University in Vancouver passed away unexpectedly on August 30, 2010. He is best known for his book *A Guide to Econometrics*, a remarkable distillation of highly technical concepts into straightforward principles for modeling and forecasting. He summarized these principles in the "Ten Commandments of Applied Econometrics":

### PETER KENNEDY'S TEN COMMANDMENTS

#### THOU SHALT:

1. USE COMMON SENSE AND ECONOMIC THEORY
2. ASK THE RIGHT QUESTION
3. KNOW THE CONTEXT
4. INSPECT THE DATA
5. NOT WORSHIP COMPLEXITY
6. LOOK LONG AND HARD AT THY RESULTS
7. BEWARE THE COSTS OF DATA MINING
8. BE WILLING TO COMPROMISE
9. NOT CONFUSE STATISTICAL SIGNIFICANCE WITH SUBSTANCE
10. CONFESS IN THE PRESENCE OF SENSITIVITY

In enabling us to bridge the gap between theory and practice, Peter has left an enduring legacy.

I met Peter Kennedy for the first time just a few years ago, during the International Symposium on Forecasting in Santander, Spain. I was eager to meet him in person since, despite having provided great service to both the Institute and the *International Journal of Forecasting (IJF)*, he was not a regular attendee at our annual symposia. Later, I learned that trying to keep a low profile in all aspects of his life was one of Peter's most precious gifts.

I always had great admiration for his famous *Guide to Econometrics*, but also for the superb referee reports that he sent me over the years on articles for the *IJF*. He was uniquely skilled in highlighting the strong and the weak points of an article. Even when a paper was rejected, he provided encouragement to the authors with routes for potential improvement. I realized that his recommendations to authors followed the principles he espoused in the *Guide* as well as in his famous 2002 paper on the "Ten Commandments of Applied Econometrics." These works have always been included on my course reading lists for econometrics,

applied econometrics, and time-series forecasting. My only regret is that they were not available during my own student days.

I read the first edition of the *Guide* just after I had finished my PhD and started preparing my first econometrics course, and it had a great impact on my views about the strengths and weaknesses of the subject. These seem obvious now, but back then they were a revelation.

Peter's "Commandments" are deeply rooted in Edward Leamer's work *Specification Searches*,  where Peter is praised for his Sherlock Holmes inference in which all the bits of evidence are weaved together into a plausible theory. For instance, Peter's Commandment #3 ("Know the context") follows directly from Holmes's traditional reply to Dr. Watson's queries: "No data yet…. It is a capital mistake to theorize before you have all the evidence. It biases the judgments."

I felt there was a wide gap between the way in which introductory econometrics is taught and the way empirical researchers think about, apply, and interpret econometric methods. Peter always believed that a better awareness of these rules should improve applied econometric work and prompt instructors to incorporate them into applied econometric courses. Acknowledging Peter's already famous statement of "preaching in the top floor while sinning in the basement" made me realize that a reconciliation of theory and practice could be achieved.

As often happens, these rules have annoyed many econometricians who viewed them as either unteachable (how do you teach common sense?) or unsubstantiated by sustained empirical work. But not me. My long experience with teaching, practicing, refereeing, and editing applied econometrics has led me to believe that the rules derived from the "Ten Commandments" are far more important than instructors may think.

Last year, I asked Peter to comment on a technical paper (using complicated computational Bayesian statistics) that I had problems publishing. He sent me a nine-page report with the message that I was providing the "right answer to the wrong question" (Commandment #2) and, as a consequence, the paper was out of focus. I rewrote the paper following his suggestions and it fared much better! I am very sorry that, yet again, I will not be able to repay my debt to Peter.  I will sorely miss him.
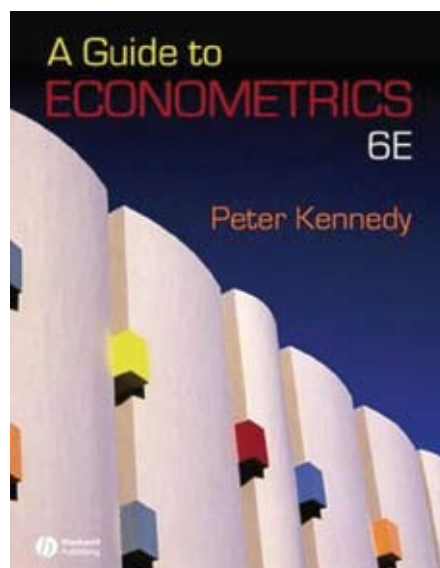
**PETER KENNEDY'S MOST FAMOUS PUBLICATIONS**

*Sinning in the Basement: What Are the Rules? The Ten Commandments of Applied Econometrics* (2002). *Journal of Economic Surveys*, V 16, N 4, 569-89.

A good summary is provided in Peter's lecture notes, accessible at ***http://courses.cals. uidaho.edu/aers/agecon525/sp2010/Lecture21DoingAppliedEconometrics.pdf***

*A Guide to Econometrics*, now in its 6th edition (2008), was first published in 1979.

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